



Community Development Block Grant (CDBG) Redesign Working Group

Summary of Meeting

December 8, 2017

10:00 am – 3:00 pm

Participants: Lorie Adams, Amy Bergstrand (phone), Rob Choate, Esperanza Colio, Terry Cox, C.J. Freeland (phone), James Hacker (phone), Rachelle Kellogg, Thomas Last (phone), Susan Long, David Loya, Jeff Lucas, Jessaca Lugo (phone), Heather MacDonald, Robert Mansfield, Genevieve Morelos (phone), Jennifer Owen (phone), Paul Ramey (phone), Gurbax Sahota, Meagan Tokunaga (phone), Lynn Von Koch-Liebert, Kathleen Weissenberger (phone)

HCD: Kathryn Amann, Jeri Amendola, Lisa Bates, John De Rosa, Evan Gerberding, Charles Gray, John Hiber, Nicolé McCay, Ben Metcalf, Moira Monahan, Diane Moroni, Ginny Puddefoot, Karen Patterson, Gwyn Reese, Patrick Talbott, Chris Webb-Curtis

Agenda Items

Welcome and Introductions

Director Ben Metcalf and Deputy Director Lisa Bates made opening remarks and both expressed their gratitude for the contribution of the Redesign Working Group (RWG). Lynn Von Koch-Liebert restated the importance of the RWG to ensure that we provide this critical funding to local governments and that the result of the RWG work together is another example of California's best foot forward.

Reports from RWG Subgroups

Susan Long reported on the work of the Strategies for Successful Expenditure subgroup. The group worked on a list of actions that could be taken to improve the expenditure rate and laid it out in a spreadsheet format that was made available to the members attending the meeting. Areas included a standardized NOFA so that each year the NOFA could be published without much change; a set schedule for NOFA publication, NOFA training, review of applications, award of funds, and grant start-up to ease the process at the State level and allow for stability in scheduling for applicants; and scheduling monitoring—both desk and in-person monitoring. The entire RWG was asked for the top three areas of importance in the redesign effort: Training and communication from HCD received the most nods followed by improvement of the standard agreement clearance process, program flexibility, re-alignment of HCD's staffing, and a local consolidated plan; and with fewer nods but still important pumping up readiness standards at the application stage and pre-application technical assistance.

Terry Cox reported on the work of the Program Income (PI) subgroup. There were some suggestions about what we might do in the future. These include repaying PI into a revolving loan fund (RLF), implementing a reuse agreement, implementing a good checklist and

providing training about PI, offering points on a future application to those jurisdictions that choose to return PI to the State. One member reported that all members of the PI subgroup described instructions they had received on how to handle PI from HCD staff members and no two instructions were the same. Terry handed out responses to her questions that came from HCD and these were discussed briefly and will be discussed more by the subgroup at their next convening. There was more discussion about “defederalizing” PI through 105(a)(15) agencies. Kathleen suggested that there was a greater reporting burden that comes along with use of those agencies that should be considered in the process of exploring them.

Jeff Lucas reported on the work of the Economic Development (ED) subgroup. Jeff also had a hand-out that listed the recommendations to date that have come from the subgroup. He reported that the subgroup is willing to draft modifications to the ED chapter; there is a continued concern about the lack of administrative funding for managing RLFs and the group can revise the RLF guideline template; HCD should define the process for allocating the 30 percent ED funds; HCD should build its ED staff capacity; and HCD should not revise the program through budget bills. It was reported that some other states’ ED programs are operated by other-than-housing agencies. There was a reminder that ED spurs housing programs. Other states are doing construction using ED funds without job creation and the subgroup has an interest in allowing that activity in California. Karen Patterson agreed to send a description of HCD’s process for allocating the 30 percent ED funds. There was a discussion of over-the-counter (OTC) processing of ED applications and whether or not that has been clearly eliminated by SB 106. HCD will clarify at the next meeting.

HUD Monitoring

Moir Monahan reported on the recent monitoring executed by HUD in the previous week. HUD said there will be a significant number of findings, but the exact number is not yet known. Some initial verbal (only) categories of findings were 1) Program Income dovetails with the poor expenditure rate; 2) there is a need to improve internal controls, including reporting, documentation, and monitoring; and 3) grant close-out timing and process. The written report of findings may be available by the end of January; but no one at HCD knows for sure when that will occur. Once the findings are available, they will be shared with the RWG.

Enterprise Technical Assistance

Kathleen Weissenberger reported on the Enterprise work. Evidently, the statement of work was not finalized and approved by HUD until the end of November, which delayed the side-by-side comparison of federal rules and State regulations. Kathleen expects to receive a draft by December 15; and she will layer in the grants management manual and the management memos and will have it available a week before the January meeting. At first look, Kathleen reported that HCD appears to be more prescriptive than HUD, but not more restrictive. Kathleen clarified that the work of Enterprise is not the redesign but rather spending the unspent balance and PI. Further, she explained that regardless of

organizational structure, in order for any program or project to be successful, it is vital to have CDBG experts running the program.

Training

Ginny Puddefoot reported that the ED training will occur the week of December 11 over two days and that HCD plans to have a one-day training available for locals in the spring.

CDBG and Disaster NOFAs

Ginny Puddefoot reported that HCD received 62 applications requesting approximately \$200 million in funds from the recent NOFA. She also reported that HCD's emergency funding NOFA is on hold pending the federal decision about doing a disaster NOFA. Ginny reported that the Governor had sent a renewed request to the President regarding assistance on the fires. Lynn reported that the disaster assistance is a large federal undertaking that includes Texas and Florida in addition to California. The federal government is currently doing a needs assessment and will then make an announcement.

November 17 Meeting Summary

After reviewing the draft meeting summary, comments/corrections should be sent to Chris Webb-Curtis at HCD.

Calendar Future Meetings

The meeting of January 12 has been changed to January 19 as the January 12 weekend coincides with Martin Luther King's birthday holiday. HCD will send out a new calendar. It was agreed that the January meeting will convene at 9:30 a.m. and will end at 2:30 p.m.

Next Steps

Appreciation was expressed for Ginny's continued leadership. Meagan Tokunaga expressed appreciation that the RWG is identifying concrete solutions and that she hopes we can begin mapping out administrative realities, that is, what program changes could do to HCD.

HCD agreed to review the ideas to date provided by the subgroups and will provide feedback at the next meeting.

Ginny agreed to provide an updated Tasks/Timeline document.

Karen will send out information on the 30 percent ED set-aside.

HCD will clarify the over-the-counter component of ED.

HCD will share the side-by-side comparison of federal rule and State regulations and policies prior to the next meeting.